

Message Text

LIMITED OFFICIAL USE

PAGE 01 HONG K 08389 301706Z
ACTION EA-12

INFO OCT-01 ISO-00 SP-02 EB-08 COME-00 TRSE-00 CIAE-00
INR-10 NSAE-00 OES-07 SS-15 NSC-05 ICA-11 PA-01
/072 W

-----112100 011604Z /12

R 300837Z JUN 78
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC 1208
INFO AMEMBASSY TAIPEI
AMEMBASSY TOKYO
G/USLO PEKING 9787

LIMITED OFFICIAL USE HONG KONG 8389

E.O. 11652: N/A
TAGS: EFIN, ETRD, CH
SUBJECT: LI HSIEN-NIEN'S SPEECH TO THE NATIONAL CONFERENCE ON
TRADE AND FINANCE

1. IN AN ADDRESS TO THE OPENING SESSION OF THE TRADE AND
FINANCE CONFERENCE ON 20 JUNE, LI HSIEN-NIEN SIGNALLED A
MAJOR CHANGE IN POLICY BY LAYING THE THEORETICAL GROUNDWORK
FOR THE DEVELOPMENT OF THE SERVICE SECTOR OF THE ECONOMY AND
THE EXPANSION OF CHINA'S FOREIGN TRADE.

2. LI'S SPEECH PRESENTED TWO NEW THEMES, WHICH REFLECT
A GROWING AWARENESS BY PEKING OF THE PITFALLS OF PAST
POLICIES. FIRST, IT CONTAINED AN EXPLICIT RECOGNITION OF THE
IMPORTANCE OF THE SERVICES SECTOR TO ECONOMIC GROWTH.
LI APPEARED TO BE BACKING AWAY FROM A TRADITIONAL COMMUNIST
CONCEPT WHICH VIEWED AGRICULTURAL AND INDUSTRIAL PRODUCTION
AS THE ONLY ACTIVITIES OF ECONOMIC VALUE. LI TERMED THE TRADE
AND FINANCIAL SECTORS " THE LIFEblood" OF THE ENTIRE ECONOMIC
SYSTEM, THE "REAR SERVICES" IN THE LONG MARCH TO ECONOMIC
DEVELOPMENT.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 HONG K 08389 301706Z

3. SECOND, LI ATTACKED MAO'S CHERISHED DOCTRINE THAT
ALL ECONOMIC UNITS SHOULD BE SELF-CONTAINED AND STRIVING
FOR "SELF-RELIANCE." LI CLAIMED THAT THIS WAS
THE MISTAKEN CONCEPT OF A "SMALL HOLDER," (E.E.,
A PEASANT WHO IS ONLY ENGAGED IN SMALL-SCALE
PRODUCTION). LI STATED THAT THE EXPANSION OF INDUSTRY

FROM SMALL-SCALE TO LARGE-SCALE INDUSTRY IN THE NEW PERIOD WILL REQUIRE MORE HIGHLY MECHANIZED AND AUTOMATED OPERATIONS, SPECIALIZATION, A GREATER DIVISION OF LABOR, AND A WIDENING OF THE AREA OF EXCHANGE. HE SAID THIS APPLIED NOT ONLY TO DOMESTIC TRADE, BUT TO FOREIGN TRADE AS WELL, AND HE URGED THAT EXCHANGES OF TECHNOLOGY AND GOODS WITH OTHER COUNTRIES BE GREATLY EXPANDED.

4. LI ALSO EMPHASIZED MORE FAMILIAR THEMES, INCLUDING:
(A) THE GROWTH OF AGRICULTURE AND INDUSTRY WILL REQUIRE A GEOMETRIC EXPANSION OF THE TRADE AND FINANACIAL INDUSTRIES. AS A RESULT, WORKERS MUST BECOME MORE SPECIALIZED AND COMPETENT IN THEIR RESPECTIVE FIELDS;
(B) WASTE, MISAPPROPRIATION, EMBEZZLEMENT AND THEFT OF STATE FUNDS MUST BE ELIMINATED; THEREFORE, PEKING WILL SOON LAUNCH A MAJOR CAMPAIGN AGAINST CORRUPTION;
(C) THE PERFORMANCE OF AN ENTERPRISE WILL BE JUDGED, NOT ON POLITICAL GROUNDS, BUT ON PROFITABILITY; (D) MANAGEMENT PRACTICES MUST BE IMPROVED, IF NECESSARY, BY ADOPTING FOREIGN TECHNIQUES; (E) CENTRAL CONTROL OVER TRADE AND FINANCE MUST BE STRENGTHENED.

5. COMMENT; YU CHIU-LI, VICE PREMIER AND DIRECTOR OF THE STATE PLANNING COMMISSION, SCHEDULED TO DELIVER A DETAILED REPORT TO THE CONFERENCE, WHICH LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 HONG K 08389 301706Z

PROBABLY WILL BE REPORTED BY NCNA. IF SO, DRAMATIC NEW ECONOMIC POLICY LINES MAY BECOME CLEAR IN THE NEAR FUTURE.
SHOESMITH

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, FINANCE, SPEECHES
Control Number: n/a
Copy: SINGLE
Draft Date: 30 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978HONGK08389
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780272-0708
Format: TEL
From: HONG KONG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978064/aaaaadbi.tel
Line Count: 98
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e0a54685-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 26 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2281893
Secure: OPEN
Status: NATIVE
Subject: LI HSIEN-NIEN'S SPEECH TO THE NATIONAL CONFERENCE ON TRADE AND FINANCE
TAGS: EFIN, ETRD, CH, (LI HSIEN NIEN)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/e0a54685-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014